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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 9, 2011

Alysen Pederson
CML Metals Corporation
6249 West Gilbert Industrial Court
Hurricane, Utah 84737

Subject: Review of Bond Calculations, CML Metals, Iron Mountain Mine, M/021/0008, Iron County, Utah

Dear Ms. Pederson:

The Division of Oil, Gas and Mining has completed a review of the reclamation surety estimate received April 20, 2010. I apologize for the length of time it has taken to finalize this review. The Division recognizes the importance of the most recent submittal which includes the concentrator and will try to expedite review of the proposal. We also recognize that the bond will be changing substantially, but the review comments should be useful.

Please address the comments on the following page and re-submit appropriate portions of the calculations. Please contact Wayne Western at 801-538-5263 or by e mail at waynewestern@utah.gov if you have questions about the comments.

Thank you for your cooperation.

Sincerely,

Paul B. Baker
Minerals Program Manager

PBB:whw:pb
Attachment: Review
Cc: Ed Ginouves, Cedar City BLM
P:\GROUPS\MINERALS\WP\M021-Iron\M0210008-IronMtn\Final\REV1-3879-12062010.doc

REVIEW OF RECLAMATION SURETY CALCULATIONS
CML Metals Corporation
Iron Mountain Mine
M/021/0008
March 9, 2011

R647-4-113 – Surety

Comment #	Sheet/Page/Map/Table #	Comments	Initials	Review Action
1	Bond Cal	Please use unit cost from the 2011 Blue Book and Means	whw	
2	Bond Cal	Please round hours to nearest tenth of an hour and round costs to the nearest dollar.	whw	
3	Bond Cal	Please use the RS Means wage rates that are found on back cover of the handbook. The Division uses the RS Means rate because contracts are often outside the area and the RS Means rates are more reflective of wage rates that a contractor would have to pay.	whw	
4	Bond Cal	Please list the scraper that will be used as three that will operate at 45 hours for topsoil hauling instead of one scraper. The reason is that each scraper will be used 45 hours which includes a minor amount of wait time.	whw	
5	Bond Cal	The Division usually does not accept bids. Please provide a bid for the transformer that has enough detailed cost information for the Division to verify the costs.	whw	
6	Bond Cal	The scraper worksheet shows that the haul time for a scraper is one minute. According to the Caterpillar Handbook a 631G loaded can travel a distance of 600 feet with a rolling resistance of 2%. Please either show that the average haul distance is 600 feet or adjust the haul times to reflect actual travel distances. (Note: the cost per cubic yard is listed as \$1.12 while the minimum RS Means cost for a 1,500-foot, one way haul is \$3.67/CY.)	whw	
7	Bond Cal	Concrete may be buried on site or used as backfill which could eliminate dump fees.	whw	
8	Bond Cal	Please include loading and transportation costs for concrete demolition.	whw	
9	Bond Cal	Please state distance from the mine to a landfill.	whw	
10	Bond Cal	Please give additional information why the motor grader would average 8 mph when most applications have a maximum speed between 2.5 and 6 mph.	whw	
11	Bond Cal	Please use the indirect costs supplied by the Division.	whw	
12		The Division will provide worksheets that have been filled out using the operator's data. Please use a similar format.	whw	